

YOUR QUESTIONS ABOUT HEATING AT DERWENTHORPE

This document sets out questions received from Derwenthorpe Residents' Association about the communal heating system at Derwenthorpe and provides responses from the Joseph Rowntree Housing Trust (JRHT) and heating provider, Veolia.



JRHT

JOSEPH
ROWNTREE
HOUSING TRUST



VEOLIA

Questions about communication between JRF, Veolia and residents

Derwenthorpe Residents' Association question

People have been looking through documentation provided at the point of pre-sale when heating costs were exemplified. There is an emerging view that the houses may have been 'mis-sold' and certainly the accuracy of the marketing material is very misleading.

This aspect is currently under further investigation. Have you any wish to comment? I refer to the 'Green Credentials' leaflet that was part of the pack those of us in Phase 1 were given before buying our houses (insert A24/06/2011) and also the various heat agreements signed by residents on the different phases.

The contact number for emergencies has been farmed out and the answerers, although seemingly polite, do not know the facts nor about any of the appropriate people in the organisations they are attempting to represent.

JRHT/ Veolia response

The Green Credentials leaflet provided demonstrated the heating consumption of a Derwenthorpe home compared to other examples, and used heat prices (correct at the time of print) to demonstrate the potential heating bill, subject to personal heating consumption patterns.

JRHT knows that currently, the average consumption of a Derwenthorpe home on Phase 1 is 5,718kWh, which compares favourably with the estimated 7000kWh quoted in the Green Credentials information.

With regards to the heat agreements issued to the various phases, there are a number of agreements that were issued by David Wilson Homes' solicitors with an incorrect utility charge and dwelling charge listed. We will be arranging one-to-one meetings with residents affected to discuss the impact of this, and these residents will be offered a 'phased in' standing charge to 2020.

Veolia operates a monitoring centre for the numerous sites it manages across the UK. JRHT has listened to the concerns raised by residents about the service they received from the monitoring centre, and Veolia has provided further information to the monitoring centre to improve its staff's understanding of Derwenthorpe.

Residents in Phases 2 and 3 ask if they are to receive a table similar to the one being sent out to Phase 1 residents before November 25.

A table based on typical average consumption figures is included on the final page of this document. JRHT is working with David Wilson Homes (DWH) to develop a similar table to be used in the marketing of future property sales.

The 0845 telephone number complained about has not been changed to a local number as promised.

Veolia is arranging a new local-rate number that will be issued to residents shortly.

There is still confusion about the appropriate contact for in-hours and out-of-hours reports of breakdowns. Please can this be clarified and relayed to all residents here and employees within DWH, Dalkia and JRHT?

We will soon be issuing an 0333 number for the sole use of Derwenthorpe residents. In the event of a central issue with the energy centre that affects all residents, a voice message will give regular updates. If the problem affects the consumer interface unit (CIU) in your home, the call will be answered, logged and an engineer will be sent.

It is not acceptable, nor is it professional, for us to be told to call Dalkia's supposed 24hour-number and then be told by a seemingly annoyed engineer that we should be reporting issues to DWH.

This process works for all consumer interface unit issues. It does not cover issues affecting parts of the heating system in individual homes, such as radiators or heating controls. If owners or shared owners experience problems with these parts, DWH will ensure they are repaired during the warranty period. For JRHT residents, JRHT is responsible for the repairing these components.

We need to be informed about breakdown in supply and the latest episode demonstrates the urgency. It will help JRHT and Dalkia to nail this now. If it is to be included in the SLA, it needs to be established now.

As above, when an issue affects, the whole site, a voice message will be provide updates to residents. Recently-installed alarms in the energy centre mean JRHT will be able to react to issues more quickly, and may be able to resolve them before residents are even aware a problem has occurred.

Questions about residents' heating costs

Derwenthorpe Residents' Association question

There are doubts and questions about the up-to-date comparisons regarding heating. An average Derwenthorpe household is said to use c5,700 kwh for heating and hot water and the average cost of energy in an 'average' house in Britain is c13,700 kwh. Is the comparison valid?

Dual fuel energy costs are included in the national average and only heating costs in the Derwenthorpe figures. This makes the comparison seem more cost-effective than they really are. How does the more cost-effective biomass fuel affect the comparisons?

I thought you said that all phases would be charged the same standing charge in the end and that this would be £350 per year. Phases 2 and 3 would pay the full charge immediately. Currently, Phase 2/3 residents they are paying £190 p/a and are not aware that this will rise in future.

JRHT/ Veolia response

The average consumption of a Derwenthorpe home on Phase 1 is 5,718kWh, based on actual energy consumption to date. As more properties are occupied, this average consumption figure will be updated.

In 2013, OFGEM updated typical domestic consumption figures for gas consumption in UK homes; a low use is 9,000kWh per year and a medium use 13,500kWh per year.

Given the generous size of the properties at Derwenthorpe, JRHT believes that comparing consumption to a medium use (typically semi-detached or detached) is appropriate. However, even when compared to a low-use home, the figures show that Derwenthorpe homes do offer substantial energy savings.

Dual fuel costs have not been used in the national average. OFGEM figures for electricity consumption class low usage as 2,000kWh per year and medium usage as 3,200kWh per year.

A number of agreements were issued to Phase 2 and Phase 3 residents by DWH solicitors listing the incorrect utility charge and dwelling charge. JRHT will be arranging one-to-one meetings with residents affected to discuss the impact of this, and these residents will be offered a 'phased in' standing charge to 2020.

All subsequent new residents in Phase 2/3 that have received corrected heat agreements have the £350 Dwelling Charge applied, as this information was made available to them prior to completion sales.

Due to the design of Derwenthorpe and the nature of the restrictive covenants we have signed, residents are currently prevented from exploring other energy provision. Unacceptable price hikes and a spasmodic service, coupled with poor customer relationships whilst being locked into an energy contract in an unregulated market, makes residents extremely uncomfortable.

JRHT and Veolia have worked hard to ensure that the new standing charge and utility charge will not rise sharply in the future. The only factors that will make this charge fluctuate are as follows:

- The dwelling charge will vary annually in line with the Retail Price Index (RPI).
- The utility charge is calculated annually compared to the market price of gas with a 10 per cent discount applied.

Compensation charges that we have heard about are simply not enough (£10 for a 24-hour breakdown in supply).

The compensation charges have been carefully considered against the cost of the lost service. None of the major utility suppliers offer such compensations.

Residents are now making plans to pool information about energy costs in their former homes and compare these with their new houses.

JRHT welcomes information comparing previous homes. Research being undertaken by the University of York is also capturing this information.

We understand service charges for the CIUs are to be incorporated in the standing charge and not within the energy costs as advertised previously. Is this correct?

This query may have arisen from the Green Credentials leaflet, which stated a heat price of 7.09p/kWh, and maintenance of CIUs was included within this rate.

The 7.09p/kWh figure was actually made up of two components; a standing charge of £163.10 per year, and a utility charge of 4.69p/kWh. The standing charge component included maintenance of the CIUs, as with the Veolia agreement.

JRHT chose to show the rate as 7.09p/kWh as a way to provide an easy comparison with the price of gas.

Reference to service charges for CIUs being incorporated in energy costs relates to the current JRHT Heat to the Home Agreement. Once Veolia start supply through the Energy Service Agreement, these charges are incorporated in the dwelling (standing) charge, along with other maintenance costs, that are applicable to all residents.

We seek clarity about energy charges and with whom we are to be contracted and when the new contract will be issued.

While JRHT continues to work with the developer of the district heating system, Veolia is unable to take ownership of the system and cannot activate the Energy Services Agreement.

Until Veolia take ownership, Phase One residents will remain on the existing Heat to the Home Agreement. All future phase residents will be transferred to an interim agreement, based on the same charges as Phase One.

Energy Service Agreements with Veolia will only be activated when handover of the energy centre has taken place. At that point the new dwelling charge and utility charge come into effect.

General queries

Derwenthorpe Residents' Association Question	JRHT/Veolia Response
<p>The meeting welcomed the stance of JRHT in lobbying the government to have 'district' heating systems included in the energy regulations and the protection being sought for residents in the service-level agreement.</p> <p>However, we wish to know the detail of this and would welcome the inclusion, as observers, of two DRA members at these meetings.</p>	<p>The Combined Heat & Power Association (CHPA) and Chartered Institute of Building Services Engineers (CIBSE) have brought together industry partners to draft a document that will establish common standards for the development of district heating. The first round of the consultation for 'Code of Practice for Heat Networks in the UK' closed on October 9, 2014.</p> <p>JRHT is speaking to the CHPA to discuss whether it can be involved in the development of the code of practice once the consultation responses are published. JRHT will speak to the DRA's core group if this is agreed.</p>
<p>Because of concerns about individual rights, the DRA believes that Veolia should invite home owners to say if they would be vulnerable on the occasions when supplies break down.</p>	<p>JRHT and Veolia have agreed to work with the DRA to develop a list of vulnerable residents to assist with support in the event of a heating failure</p>

How does Derwenthorpe's heating system compare to a conventional gas boiler?

	Pence /kwh	Daily standing charge (p)	Annual usage (kWh)	Cost (£)	Boiler replacement	Boiler life expectancy	Boiler cost/year	Boiler Cover (£15.80/month)	Total annual cost
Annual energy/maintenance costs for owning a gas boiler in a UK home	4.49*	14.79	13,500**	£660	£2,000	15	£133.33	£190	£983.46
Annual energy/maintenance costs for owning a gas boiler in a Derwenthorpe home	4.49	14.79	6,727	£356	£2,000	15	£133.33	£190	£679
Your annual energy and maintenance costs for the district heating scheme in a Derwenthorpe home	5.47	96	5,718	£663	Included in standing charge	Replacement covered by standing charge	Included in standing charge	Included in standing charge	£663

*The figures are calculated using the tariff from the cheapest energy provider among the 'big six' gas suppliers on 27/11/14.

**13,500kWh is the average UK gas usage given by Ofgem.